SIKKIM

GOVERNMENT GAZETTE

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COMMERCE AND INDUSTRIES DEPARTMENT
GOVERNMENT OF SIKKIM
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NOTIFICATION

Whereas, the State Government has carved out 2 (two) new districts, i.e., Pakyong and Soreng Districts to strengthen governance and administration for efficiency and public convenience vide the Sikkim (Re-Organization of Districts) Act, 2021.

Now, therefore, with a view to strengthen the Industrial Eco-system and attract new investors in the 2 (two) new districts, the Government of Sikkim is pleased to make the following Scheme for the newly formed districts of Pakyong and Soreng, Sikkim.

Short title, application and commencement

1. (1) This Scheme may be called the **New District Scheme, 2025.**

(2) The Scheme shall be applicable to the two newly formed districts, Pakyong and Soreng of Sikkim.

(3) It shall be deemed to have come into force from the 13th day of December 2021 and shall remain in force for a period of 5 (five) years.

Definitions

2. **(a) 'Building and other durable physical assets'** in the case of service sector units shall cover new buildings and other durable physical assets for a service sector unit where purchases have been made following an arm's length pricing. The details of durable physical assets shall be provided in the guidelines.

(b) 'Commencement of Commercial Operation (Service Sector)' means starting of operation or delivering of services on a commercial basis.

(c) 'Commencement of Commercial Production (Manufacturing Sector)' means started manufacturing of finished goods on a

commercial basis which is preceded by trial production and installation of complete plant and machinery for manufacturing finished products in commercial quantity and all raw materials, consumables, etc, required for manufacture are available.

(d) **'Diversification and Modernisation and Substantial expansion'** means an additional investment of a minimum of 25% (twenty-five percent) of the total amount of investment already made in an existing unit in plant and machinery (for manufacturing sector) or construction of building and other durable physical assets (for service sector).

The additional investment should increase production capacity or enhancement of services and diversification, modernisation, and should not be a mere replacement of existing plant and machinery.

(e) **'Existing Unit'** means a unit that has commenced commercial production or operation prior to 13.12.2021 and having a valid GSTIN in the concerned district of Sikkim.

(f) **'Finished Goods'** means the goods produced and supplied by an industrial unit and for which it is registered under the Scheme.

(g) **'Manufacturing unit'** means a unit that carries out the processing of raw material or inputs in any manner that results in the emergence of a new product having a distinct name, character, and use. The term, 'manufacturing unit' shall be construed accordingly.

(h) **'New Unit'** means: -

(i) For the manufacturing sector, a unit registered under this Scheme on or after the date of notification of this Scheme but not later than 31.03.2026. Such a unit has to commence commercial production within 3 (three) years from the date of grant of registration. The units which have already commenced commercial production before the date of notification of this Scheme but after 13.12.2021, can apply for registration under this Scheme within 1 (one) year from the date of notification of this Scheme.

(ii) For the service sector, a unit registered under this Scheme on or after the date of notification of this Scheme but not later than 31.03.2026. Such a unit has to commence commercial operation within 3 (three) years from the date of grant of registration. The units which have already commenced commercial operation before the date of notification of this Scheme but after 13.12.2021, can apply for registration under this Scheme within 1(one) year from the date of notification of this Scheme.

(iii) A new unit will be required to fulfil the following conditions: -

(A) It is not formed by splitting up, or reconstruction of a business already in existence.

(B) It is not formed by transfer to the new unit of plant or machinery previously used for any other purpose.

(C) It has not relocated from elsewhere and / or is not an existing unit reopened under a new name and style.

(iv) New unit must have a new Goods and Services Tax Identification Number, hereinafter referred to as GSTIN and unit cannot use a GSTIN of any existing unit or GSTIN issued before the commencement of this Scheme.

(i) **'Plant and Machinery'** in case of manufacturing units, it shall cover industrial plant and machinery as erected at the site, which is newly purchased from the open market at an arm's length price. It excludes relocated or recycled or refurbished plants and machinery. The details of core and non-core components of plant and machinery shall be provided in the guidelines.

(j) **'Raw materials'** means materials or substances used by any unit to produce or manufacture the finished goods.

(k) **'Services unit'** include Hotels and Hospitality, Tourism (Homestays, Adventure, Health Tourism, Eco-Tourism and Meetings, Incentives, Conferences and Exhibitions(MICE)), Education (Vocational and Digital or E-Learning), Bio-tech, Fin-tech and Financial Services, Healthcare (Secondary and Tertiary), Information Technology – Information Technology Enabled Services (IT-ITeS), Business Process Outsourcing (BPO), Electronic Vehicle (EV) Charging Stations and Tech-oriented start-ups or units providing services in the field of Education, Primary Healthcare and Agriculture.

(l) **'Unit'** means any industrial manufacturing entity or service sector enterprise registered under Goods and Service Tax Act, 2017 excluding the industrial units in which Government has more than 50% (fifty percent) stake or shareholding.

Eligibility for availing incentives

3. **3.1** All units eligible under the manufacturing and service sector will be granted incentive(s) under this Scheme as specified under respective incentives. No unit can claim the incentives and concessions of the Scheme as a matter of right. The incentives and concessions will be allowed on the discretion of the State Government based on long term viability of the unit and other criteria as mentioned in this Scheme.

3.2 Manufacturing sector units with a minimum investment of Rs. 7.50 crore in plant and machinery will be eligible for incentives under this Scheme. For calculation of any incentive under the Scheme, the eligible value shall be determined based on the investment

made in Plant and Machinery in manufacturing sector. The Scheme shall not apply to the units that manufacture the products listed in **Annexure–I.**

3.3 Service sector units with a minimum investment of Rs. 7.50 crore in construction of building and other durable physical assets will be eligible for incentives under this Scheme. For calculation of any incentive under the Scheme, the eligible value shall be determined based on the investment made in construction of building and other durable physical assets.

The Scheme shall be applicable only for services listed in **Annexure-II.**

3.4 All eligible units have to commence commercial production or operation within 3 (three) years from the date of grant of registration. The unit shall be allowed to sell or supply the finished goods produced or manufactured in the intermediate phases. It is envisaged that certain units may install plant and machinery in phases. Thus, there will be a provision of phased commencement of production i.e., maximum 3(three) phases, but the incentives will only flow after the final commencement of Commercial production. The date of commencement of commercial production after the completion of all phases shall not be later than 3 (three) years from the date of grant of registration under the Scheme.

3.5 Cost of plant and machinery (in manufacturing sector) is essential for manufacturing of finished goods but excludes the cost of land, consumables, disposables or any other item charged to revenue.

3.6 Cost of construction of building and procurement of durable physical assets for the service sector unit that are basic to running that particular unit in the service sector but excludes cost of land, consumables, disposables or any other item charged to revenue.

3.7 Nodal Department: Commerce and Industries Department, Government of Sikkim will be the Nodal Department for implementation of the Scheme. The disbursal of Fiscal incentives will be done through the State Bank of Sikkim. The bank will release incentives only through e-transfer to the designated bank accounts of the eligible units.

Steering Committees

4. 4.1 State Level Steering Committee

The State Level Steering Committee hereinafter referred to as SLSC, will comprise of the following members or officers, namely: -

1.	Honourable Minister, Commerce and Industries Department	Chairman
2.	Secretary, Commerce and Industries Department	Co-Convenor
3.	Director, Industries	Member Convenor
4.	Director, Micro, Small and Medium Enterprises (MSME), Commerce and Industries Department	Member
5.	Managing Director, State Bank of Sikkim	Member
6.	Special Invitees (if any) like representative of technical institution, financial institutions or industry associations like Sikkim Entrepreneurship and Economic Development (SEED) Cell, etc	Member

Terms of reference:

(i) The State Level Steering Committee will examine the proposals forwarded by the District Level Steering Committees from Pakyong and Soreng districts for approval or rejection within a stipulated time as decided by the SLSC.

(ii) The SLSC will act as a single window for all the clearances required for the projects.

(iii) There shall be no in-principle approval of any project. The project will either be approved or rejected.

(iv) The approved list of projects by the SLSC will be forwarded to the State Government for approval and funding.

4.2 District Level Steering Committee

The District Level Steering Committee hereinafter referred to as DLSC will comprise of the following members or officers, namely:-

1.	Honourable Minister or Member of Legislative Assembly of the respective District or Constituency	Chairman
2.	District Collector of the respective district	Co-Convenor
3.	General Manager, District Industries Centre (DIC) of the respective district	Member Convenor
4.	Officer from the concerned line departments (Tourism or Horticulture or Agriculture or Information Technology (IT) or Skill Development)	Member
5.	Representative from State Bank of Sikkim	Member
6.	Special Invitees (if any) like representative of technical institution, financial institutions or industry associations like Sikkim Entrepreneurship and Economic Development (SEED) Cell, etc.	Member

Terms of reference: -

(i) The District Level Steering Committee will coordinate among stakeholders for the implementation of the Scheme at the district level.

(ii) The Committee will examine the proposals and will either recommend the projects for onward submission to the State Level Steering Committee for approval or recommend for rejection of the proposals within a stipulated time.

(iii) The Committee will monitor implementation and operation of the approved projects to ensure satisfactory and time-bound implementation of the activities and operations thereafter.

(iv) The Committee will also identify the thrust sectors of the district and recommend appropriate plan of action for the development of these sectors.

FISCAL INCENTIVES

5. Incentives under the scheme

Subject to eligibility, the following incentives are provided under this Scheme :-

5.1 Partial Exemption on State Excise Duty and Additional Excise Duty:

35% (thirty-five percent) partial exemption on State Excise Duty and 50% (fifty percent) partial exemption on State Additional Excise Duty for existing industrial units going into commercial production after undergoing diversification, modernization and substantial expansion in the existing unit for a period of 5 (Five)

years from the date of notification by Excise Department to the units which qualify the eligibility conditions laid down under this scheme.

Diversification, modernization and substantial expansion means an industrial unit of Indian Made Foreign Liquor (IMFL) bottling which adds brewery and vice-versa with a minimum investment of Rs. 7.50 crore in new plant and machinery.

Eligible industrial units shall avail partial exemption under this scheme granted by issue of notification by Excise Department.

5.2 Power Subsidy: Manufacturing and specified service sector units will be eligible for reimbursement of power subsidy for a period of 5 (five) years from the date of commercial production subject to a maximum of Rs. 25 (Twenty -five) lakhs per annum and not exceeding 100% (hundred percent) of total investment made in plant and machinery, whichever is less. This shall be available only to the units having electricity connection with Power Department, Government of Sikkim and shall not be eligible for any consumption from other sources like open access, captive generation, etc.

The rate for per unit consumption shall be as under :-

Unit Consumption Range	Rate per unit Consumption (in Rs.)
Upto 50 units	2.00 per unit
51 to 100 units	2.50 per unit
101 to 200 units	3.00 per unit
201 to 400 units	3.50 per unit
401 to 500 units	4.25 per unit
Consumption above 500 units	5.00 per unit

(a) The concerned units will have to pay the bills raised by Power Department, Government of Sikkim and submit their claims to Commerce and Industries Department periodically for necessary reimbursement.

(b) Power subsidy shall be calculated on total unit consumed during the period at applicable rate per unit and will be exclusive of all other changes, viz, load security, interest, taxes, etc.

(c) Regular and timely payment to Power Department, Government of Sikkim is a prerequisite for availing the subsidy under this policy.

5.3 Stamp Duty Reimbursement

Stamp duty reimbursement shall be as follows: -

(a) 50% (fifty percent) stamp duty shall be reimbursed subject to a monetary sealing of rupees 25 (Twenty-five) lakhs.

(b) Stamp duty reimbursement shall not be available to agricultural land, and it shall also not be available for land used in manufacturing activities in urban areas.

(c) Stamp duty reimbursement shall be available only for such parcel of land which is exclusively used for setting up of manufacturing facilities or service sector unit as specified under this scheme.

5.4 Uttar Poorva Transformative Industrialization Scheme (UNNATI 2024) and Sikkim Industrial and Investment Policy (SIIP) 2024:

Uttar Poorva Transformative Industrialization Scheme (UNNATI 2024) till its validity 31.03.2034 and Sikkim Industrial and Investment Policy (SIIP), 2024 may support it further while same set of incentive under any scheme or State of Central Government may not be allowed to avail by any unit or applicant.

NON-FISCAL INCENTIVES

5.5 Acceleration Centres for Startups

Commerce and Industries Department will establish an Innovation Hub or Incubation Centre in Gangtok district and will set up Acceleration Centres in Soreng and Pakyong Districts to identify innovators from these areas and incubate them into successful startups.

5.6 District Industries Centre (DIC)

Commerce and Industries Department will set up dedicated DICs at Pakyong and Soreng districts, headed by their respective General Manager. The office will be the centres for availing subsidies and incentives under various State and Central Government Schemes like Skilled Youth Startup Scheme (SYSS), Uttar Poorva Transformative Industrialization Scheme (UNNATI 2024), PM Formalisation of Micro Food Processing Enterprises (PMFME) Scheme, Prime Minister Employment Generation Programme (PMEGP), etc. The DICs will also have a dedicated Geographical Indication (GI) tag and Export Facilitation Cell (EFC) to assist in export of products of the district.

5.7 Flatted Factory Complex

Commerce and Industries Department will set up flatted factory complexes in the districts of Pakyong and Soreng, which will provide working spaces at subsidised rates for small factory units.

5.8 One District One Product (ODOP)

The entrepreneurs involved in ODOP products will be provided market access and assistance through onboarding of their products on E-Commerce platforms as well as participation in state and national exhibitions.

5.9 Skill Development

Skill development and capacity building programmes will be planned for the upskilling of the youth of the districts of Pakyong and Soreng. The focus will be on Information Technology (IT) and financial literacy to make them industry ready.

Rights of the State Government

6. 6.1 If it is established that a unit has obtained incentive(s) by misrepresenting or suppressing any essential fact, furnishing of false information, the unit has to refund the entire grant or incentive availed with interest of 15% (fifteen percent) per annum. It will also be liable for criminal proceedings.

6.2 Concealment of input supplies or routing of third party or malpractices of similar kinds will render unit liable for forfeiture of further claims and recovery of all previous incentive(s) paid with an interest @15% (fifteen percent) per annum.

6.3 No interest on account of delay in incentive payment can be claimed by the unit.

6.4 Minister-in-Charge is authorized for making modification in the Scheme as deemed necessary for implementation of the Scheme within the broad contours.

Other Conditions

7. (i) If any unit is availing or has availed any incentive(s) under this Scheme or from other scheme(s) of the Government of India or Government of Sikkim, such unit shall not be eligible for those incentives under this Scheme. However, it will be considered eligible for other eligible incentive(s) under this Scheme. The Nodal Department shall be the Competent Authority to calculate the eligible value of plant and machinery for manufacturing sector or construction of building and durable physical assets for service sector for claiming other incentives.

(ii) A new unit registered under the Scheme will not be eligible to avail of the benefit under substantial expansion. A unit can avail of this incentive only once under the Scheme.

(iii) The subsidy/reimbursement will be released through digital payment and Nodal Department will collect all information required by the Direct Benefit Transfer (DBT) in respect of beneficiary units. The Nodal Department shall take an affidavit-cum-indemnity bond in this regard from the authorized signatory of the beneficiary unit.

(d) No interest on account of delay in incentive payment can be claimed by the unit.

By order and in the name of the Governor.

Karma D. Youtso, SCS
Secretary
Commerce & Industries Department
(File No:460/MSME/C&I/2024-2025)

Annexure - I

Negative List for the manufacturing Sector

The following manufacturing industries will not be eligible for benefits under this Scheme:

i. All goods falling under Chapter 24 of the Central Goods and Services Tax Tariff Act, 2017 which pertains to tobacco and manufactured tobacco substitutes.

ii. Pan Masala as covered under Chapter 24 of the Central Goods and Services Tax(GST) Tariff Act, 2017.

iii. Plastic carry bags of less than 20 microns as specified by Ministry of Environment and Forests Notification No. S.O. 705(E) dated 02.09.1999 and S.O. 698(E) dated 17.06.2003 and any subsequent amendments.

iv. Goods falling under Chapter 27 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) produced by Petroleum or Gas refineries.

v. Plantation, Refineries and Power Generating Units (that are fossil-fuel based).

vi. Units not complying with environmental standards or not having applicable Environmental Clearance from Ministry of Environment and Forests and Climate Change or State Environmental Impact Assessment Authority (SEIAA) or not having requisite consent to establish and operate from the concerned Central Pollution Control Board or State Pollution Control Board.

vii. Low-value addition activities in goods such as preservation during storage, cleaning, operations, packing, repacking or re-labelling, sorting, alteration of retail sale price, etc. excluding high-value packaging and processing.

viii. Cement Industry.

ix. Arms and Ammunition.

x. Any other industry or activity placed in negative list through a separate notification as and when considered necessary by the Steering Committee.

Annexure-II

Positive List for Service Sector

The following service sector industries will be eligible for benefits under this Scheme: -

Service Sector Positive List

1. Hotels and Hospitality.
2. Tourism (Homestays, Adventure, Health Tourism, Eco-Tourism and Meetings, Incentives, Conferences and Exhibitions (MICE)).
3. Education (Vocational and Digital or E-Learning).
4. Bio-tech.
5. Fin-tech and Financial Services.
6. Healthcare (Secondary and Tertiary).
7. Information Technology – Information Technology Enabled Services (IT-ITeS).
8. Business Process Outsourcing (BPO).
9. Electronic Vehicle (EV) Charging Stations.
10. Tech-oriented start-ups or units providing services in the field of:
    a. Agriculture
    b. Education
    c. Primary Healthcare.
11. Any other industry or activity placed in list through a separate notification as and when considered necessary by the Steering Committee.